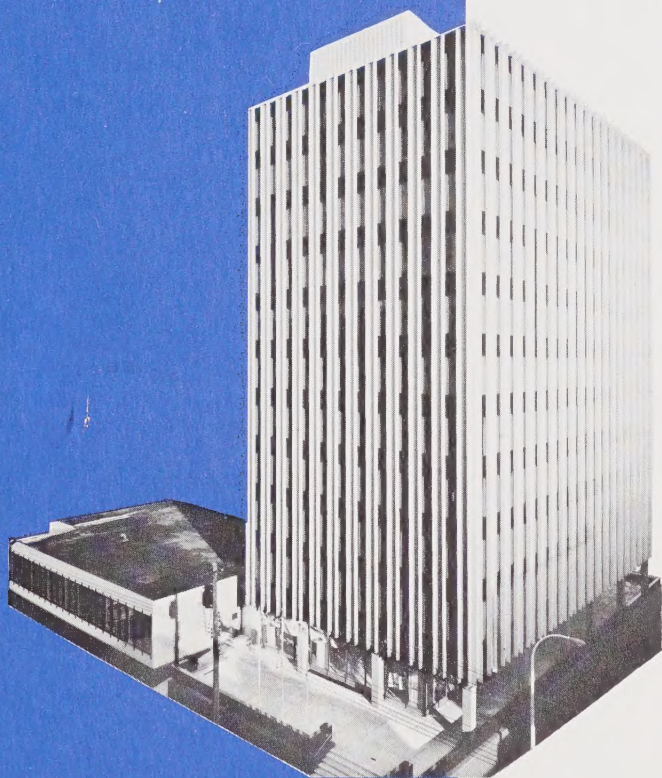


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**119th
ANNUAL REPORT
1968**



File

**NOVA SCOTIA SAVINGS
& LOAN COMPANY**

BOARD OF DIRECTORS

Walter deW. Barss, Q.C.—Chairman

George C. Piercey, Q.C.—President

Samuel S. Jacobson, B.Com., M.B.A. (Harv.)—
Vice-President

Donald McInnes, Q.C., LL.D., D.C.L.

A. Russell Harrington, B.E., D.Eng., P.Eng.

Lloyd R. Shaw, B.A., M.A.

MacCallum S. Grant

EXECUTIVE

G. Ross Guy, M.C.—General Manager and
Secretary-Treasurer

W. Bruce Graham—Assistant Manager

W. L. Flinn—Chief Inspector

Miss P. E. Helms—Assistant Secretary

K. L. Mallory—Mortgage Officer

H. W. Jones—Branch Manager, Dartmouth

C. M. G. Blois—Branch Manager, Saint John

A. F. Henderson—Branch Manager,
New Glasgow



OUR HEAD OFFICE
Centennial Building
Halifax, N.S.

BANKERS

The Bank of Nova Scotia

The Royal Bank of Canada

Member Canada Deposit Insurance Corporation

DIRECTORS' REPORT



George C. Piercey, Q.C.
President

TO THE SHAREHOLDERS

It is gratifying for the Directors to present the 119th Annual Report of Nova Scotia Savings & Loan Company. The year ended December 31, 1968, was the best in the long history of the Company. Profit before taxes was \$996,790, an increase of 19.1% over 1967. Our mortgage portfolio had reached \$55,599,734, an increase of \$8,800,000, or 18.8% over the previous year. Total assets increased by 18.7% and at December 31, 1968, amounted to just under fifty-eight millions of dollars. Despite unprecedented competition from the chartered banks and other financial institutions, the investing public indicated their confidence in the Company through increased debenture purchases. At the year end the debenture account amounted to \$45,740,000, an increase of 19.5% over 1967. The savings department was also active during the year and increased by 15.4% to \$6,521,146.

EARNINGS AND DIVIDENDS

In former years, as in the year 1968, the Company took full advantage of the tax relief available through transfers to the mortgage reserve. Under the recent announcement of the Federal Government, this reserve must be reduced from 3% to 1½% of the mortgage portfolio within ten years commencing with 1969. Therefore, your Board has set up the deferred tax liability as at December 31, 1968, and further, has restated the position of the Company as at December 31, 1967.

Net profit for 1968, after tax, was \$505,790, an increase of 15.5% over 1967. The percentage increase was down slightly from the 1967 increase of 16.7%, due to the 3% surtax imposed in 1968. The net profit was equivalent to 59.7 cents per share compared to 51.7 cents in 1967. Dividends amounting to 30 cents per share were paid in 1968, on the basis of a quarterly dividend of 6 cents on January 1, April 1, July 1 and October 1, and an extra dividend of 6 cents on March 1, 1968. Total dividends paid in 1968 were \$254,123.

As already announced, the Directors have declared an extra dividend of 7 cents per share payable March 1, 1969 to shareholders of record on February 17, 1969. The regular quarterly dividend has been increased from 6 cents to 7 cents commencing with the dividend payable April 1, 1969.

MORTGAGES

Interest rates, which had reached record highs in 1967, rose even higher in 1968. By the end of the year new debentures and renewals, maturing in five years, commanded a rate of 7¼%. Interest rates for mortgages rose from 9¼% to 9½% and by the year end had reached 9¾%. At the same time, the interest rate on government guaranteed National Housing Act mortgages rose to 9-3/8%.

Despite these disturbing conditions, your Company approved 1,210 mortgage applications for a total of \$22,000,000. Of this amount approximately \$15,000,000 was advanced during the year, resulting in a net increase of \$8,800,000 in the mortgage portfolio compared to the previous year. In these days of acute shortage of adequate living accommodation for many of our citizens, your Company is playing its part in providing funds to alleviate these conditions. The 1,210 approved mortgage applications represented 2,220 housing units (apartments, flats and individual dwellings).

It has long been a policy of the Company to assist homeowners who require loans of relatively small amounts for taxes, repairs, improvements and other bills. The Company provides mortgage money for such purposes in the cities, towns and rural areas of Nova Scotia and New Brunswick. Every request is considered on its merits and the Company does not refuse an application simply because the loan is too small to be worth the cost of administering it, nor because of an isolated location. This open policy has proved beneficial to the Company and to great numbers of small homeowners over the years.

MORTGAGE ARREARS AND FORECLOSURES

Four properties came into our hands during the year as the result of mortgage foreclosures. At the end of the year only one of these remained unsold, and a sale has been arranged since that date.

Our computer makes it possible to have an up-to-date record of arrears in mortgage payments at all times. At December 31, 1968, the total arrears were one-half of 1% of our mortgage portfolio. This includes all arrears, even those less than a full month. This remarkable achievement was made possible by an excellent follow-up system administered by a competent staff.

PERSONNEL

Your Directors cannot overstate their appreciation to the General Manager and staff for their continued loyalty and dedication to the Company. The record-breaking results of the year just ended are due in large measure to their efforts. We wish also to record our sincere thanks to our agents and representatives for their excellent work.

During the past year the Company instituted a comprehensive group life, sickness and accident insurance plan for all employees at no cost to them. Your Directors regard this as a sound investment for the future rather than an added expense to the Company.

DIRECTORS

Effective July 1, 1968, Mr. Walter deW. Barss, Q.C., was appointed Chairman of the Board. On the same date Mr. George C. Piercey, Q.C., was elected President of the Company and Mr. S. S. Jacobson, B.Com., M.B.A. (Harv.) became Vice-President. The Directors met weekly throughout the year, and the Finance and Loan Committees met frequently, as required.

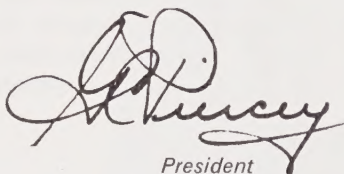
GENERAL OUTLOOK

The Company has enjoyed a line of credit with our bankers for many years. In 1968 these lines of credit were increased substantially, thus enabling the Company to have a greater degree of flexibility in its day to day operations.

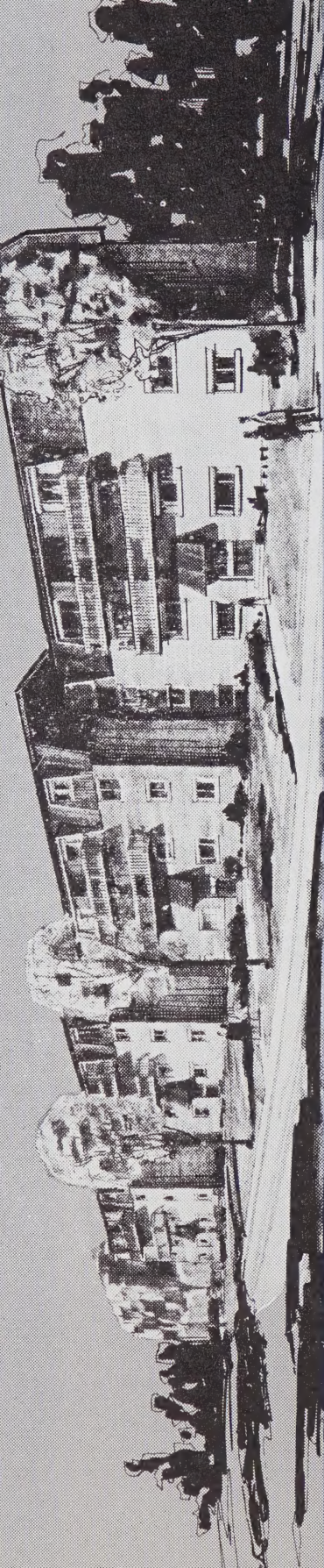
The scarcity of serviced land and the great increase in the cost of money have caused many married couples to forego purchasing a home and to consider apartment accommodation. In the Halifax-Dartmouth area the construction of new dwellings has been reduced to negligible proportions except in a few localities within the enlarged City of Halifax where serviced land is available. The Company can do little to reverse this trend, which will continue until large areas of the recently annexed lands are provided with services and opened up for development. The very high costs involved will postpone such action for an indefinite period. In the meantime your Company has participated in the financing of many fine apartment buildings in the metropolitan areas and its interest in similar projects will continue for some time to come.

There are other localities where your Company has been a leader in providing funds for living accommodation. Great industrial development is planned for the Port Hawkesbury-Strait of Canso area and the Company has already participated in the provision of mortgage financing for housing and motel accommodation in that area. Your Directors believe the Company should play a vigorous role in these exciting developments. By blending caution and balanced judgment, and taking advantage of opportunities as they occur, the Company will grow and prosper as these new centres develop. This growth will be reflected in higher earnings for the Company and increased dividends for the shareholders.

In closing this report, your Directors urge all shareholders to support the Company in every way possible. In view of the tremendous competition for savings accounts and debenture sales, we need this support as never before. All banks, trust and loan companies are competing for the savings dollar. Shareholders can assist the Company greatly in this field by bringing our services to the attention of friends and acquaintances. Our present interest rate on non-chequing savings accounts is 5½%, accrued on the minimum monthly balance. In the past our shareholders have supported their Company exceedingly well and we know we can count on this support in these days of vigorous competition and great challenge.

A handwritten signature in dark ink, appearing to read "A. H. H. H.", with a stylized flourish at the end.

President



NOTE TO FINANCIAL STATEMENT

During the year ended December 31, 1968 the company, which previously used the taxes payable basis for accounting for taxes on income, adopted the tax allocation basis and accordingly, the net income for the year 1968 is stated at \$156,000 less than the amount which would have been reported if the previous basis had been used. The statement of revenue and expenditure and undivided profits for the previous year has been restated to place it on a comparable basis with the current year, with a consequent reduction in the reported income for that year of \$141,000. In addition to the deferred income taxes arising in the current and prior year, income taxes were reduced in prior years by an aggregate amount of \$554,000 as a result of claiming a mortgage reserve and other deductions for income taxes in excess of amounts charged in the company's accounts. No provision is being made in the company's accounts at this time for the latter amount.

Shown here is an artist's conception of a new apartment house now under construction in Halifax and financed by this company.

NOVA SCOTIA SAVINGS & LOAN COMPANY

STATEMENT OF REVENUE AND EXPENDITURE AND UNDIVIDED PROFITS

Year ended December 31, 1968 (with comparative figures for 1967)

	1968	1967
Revenue	\$4,269,049	\$3,555,481
Cost of borrowed money	2,865,075	2,362,335
Administrative expense	389,384	340,021
Depreciation and amortization	17,800	16,182
	3,272,259	2,718,538
Net profit before income taxes	996,790	836,943
Income taxes—current	335,000	258,000
—deferred	156,000	141,000
	491,000	399,000
Net profit available for distribution	505,790	437,943
Dividends	254,123	254,123
Undivided profits for current year	251,667	183,820
Undivided profits from previous year	156,585	301,765
Reduction in provision for pension	3,000	3,000
	411,252	488,585
Transfers to :		
Rest account	—	100,000
Reserve for mortgages	—	232,000
	—	332,000
Undivided profits at end of year	\$ 411,252	\$ 156,585

(See accompanying note to financial statements)

BALANCE SHEET

December 31, 1968 - (with comparative figures for 1967)

ASSETS

	1968	1967
First mortgages on improved real estate and agreements of sale	\$55,599,734	\$46,783,453
Equipment and furnishings, less depreciation	51,896	58,661
Leasehold improvements, less amortization	39,903	42,299
Real estate held for sale	5,302	2,654
Sundry	14,311	14,892
Investments :		
Government of Canada and Government guaranteed bonds and accrued interest	464,630	260,477
Provinces of Canada and Provincial guaranteed bonds and accrued interest	289,176	354,281
Municipal bonds and accrued interest	826,048	776,367
Bank and public utility stocks	271,250	232,007
Total investments	\$ 1,851,104	\$ 1,623,132
(The investments in bonds and stocks are carried at values, which in the aggregate, are not in excess of quoted market values.)		
Short-term investment (due January 16, 1968) . . .	\$ —	\$ 201,603
Cash on hand and in banks	430,191	113,387
Total assets	\$57,992,441	\$48,840,081

(See accompanying note to financial statements)

The undersigned officials of the Nova Scotia Savings & Loan Company hereby certify that the statement is correct and shows truly and clearly the financial condition of the affairs of the company.

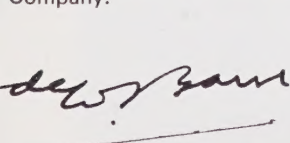
NOVA SCOTIA SAVINGS & LOAN COMPANY

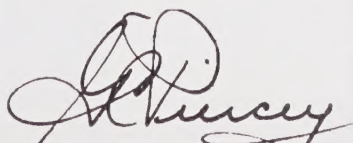
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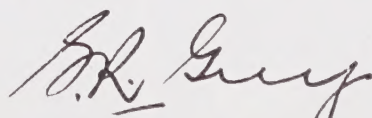
LIABILITIES

	1968	1967
Debentures and accrued interest	\$45,740,110	\$38,281,054
Savings deposits	6,521,146	5,651,047
Bank loans, secured	400,000	—
Amounts held for insurance and tax payments on mortgaged properties	24,151	29,836
Dividends payable	50,825	50,825
Income taxes payable	109,670	85,485
Provision for pensions	61,000	64,000
Sundry	3,137	6,099
Total liabilities	\$52,910,039	\$44,168,346
Deferred credit		
Deferred income taxes (<i>see note</i>)	\$ 297,000	\$ 141,000
Shareholders' equity:		
Capital: Authorized 2,500,000 shares, par value \$2.00 each. Issued and fully paid 847,075 shares	\$ 1,694,150	\$ 1,694,150
Rest account	1,600,000	1,600,000
Reserve for mortgages	1,080,000	1,080,000
Undivided profits	411,252	156,585
Total shareholders' equity	\$ 4,785,402	\$ 4,530,735
Total liabilities and shareholders' equity	\$57,992,441	\$48,840,081

have examined the financial statement of the Company and that, to the best of their knowledge and belief, Company.


Chairman


President


Secretary-Treasurer

AUDITORS' REPORT

We have examined the balance sheet of the Nova Scotia Savings and Loan Company as of December 31, 1968 and the statement of revenue and expenditure and undivided profits for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company at December 31, 1968 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles which, except for the change in the basis of providing for taxes on income as described in the note to the financial statements, were applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Halifax, N.S.
January 22, 1969

Shown here is an example of one of the many fine homes which were constructed during 1968 with the assistance of your Company.



SAVINGS ACCOUNTS 4% per annum, calculated on the minimum monthly balance. Full chequing privileges.

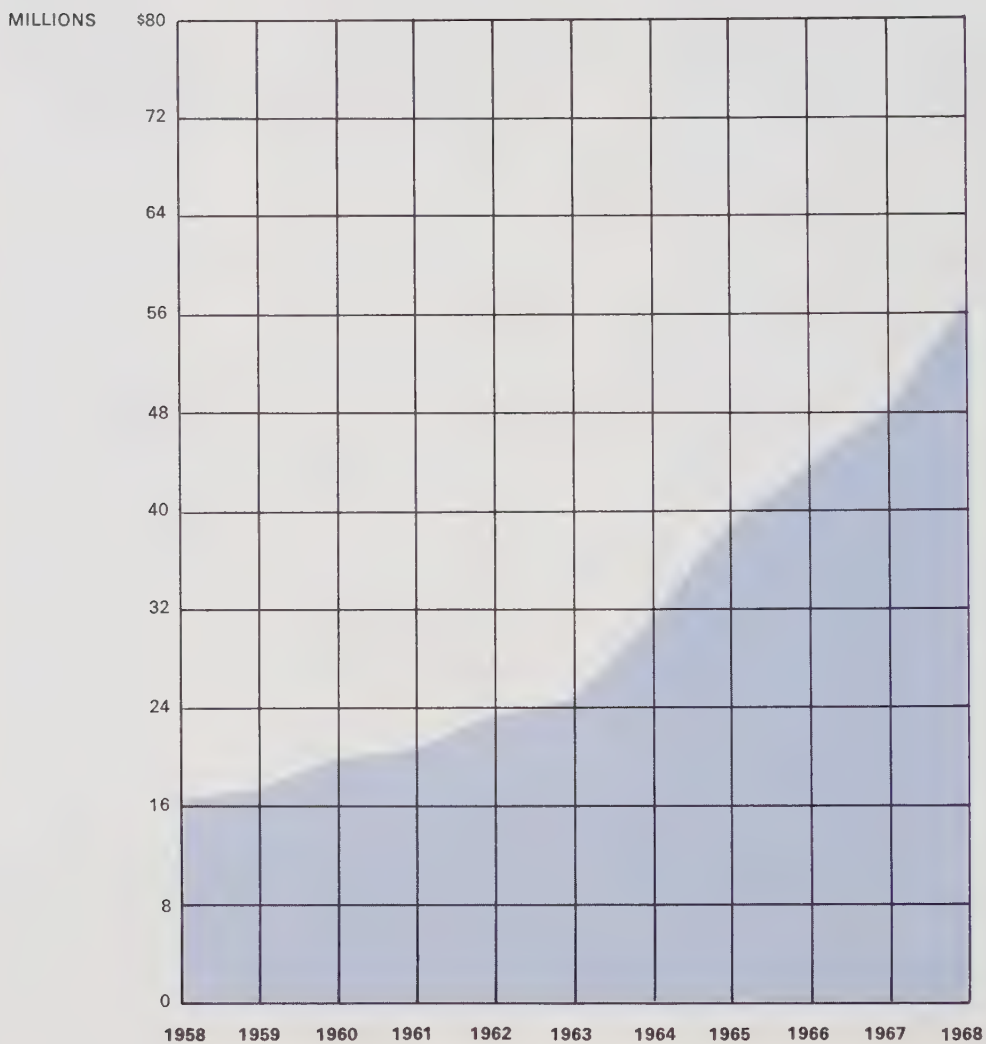
DEPOSIT ACCOUNTS 5½% per annum, calculated on the minimum monthly balance. Interest credited quarterly. Over-the-counter withdrawals.

**TRUSTEE
DEBENTURES** Issued for a one to five year period in bearer or registered form with interest payable by coupon or cheque, or the interest may be left on deposit at the debenture rate and received at maturity. Principal and interest are payable at par throughout Canada at The Bank of Nova Scotia and The Royal Bank of Canada.

MORTGAGES Mortgage funds are available for prime properties at competitive rates. The Company will also entertain applications for a limited number of multiple family dwellings and new commercial projects with long term leases.

10 YEARS OF GROWTH

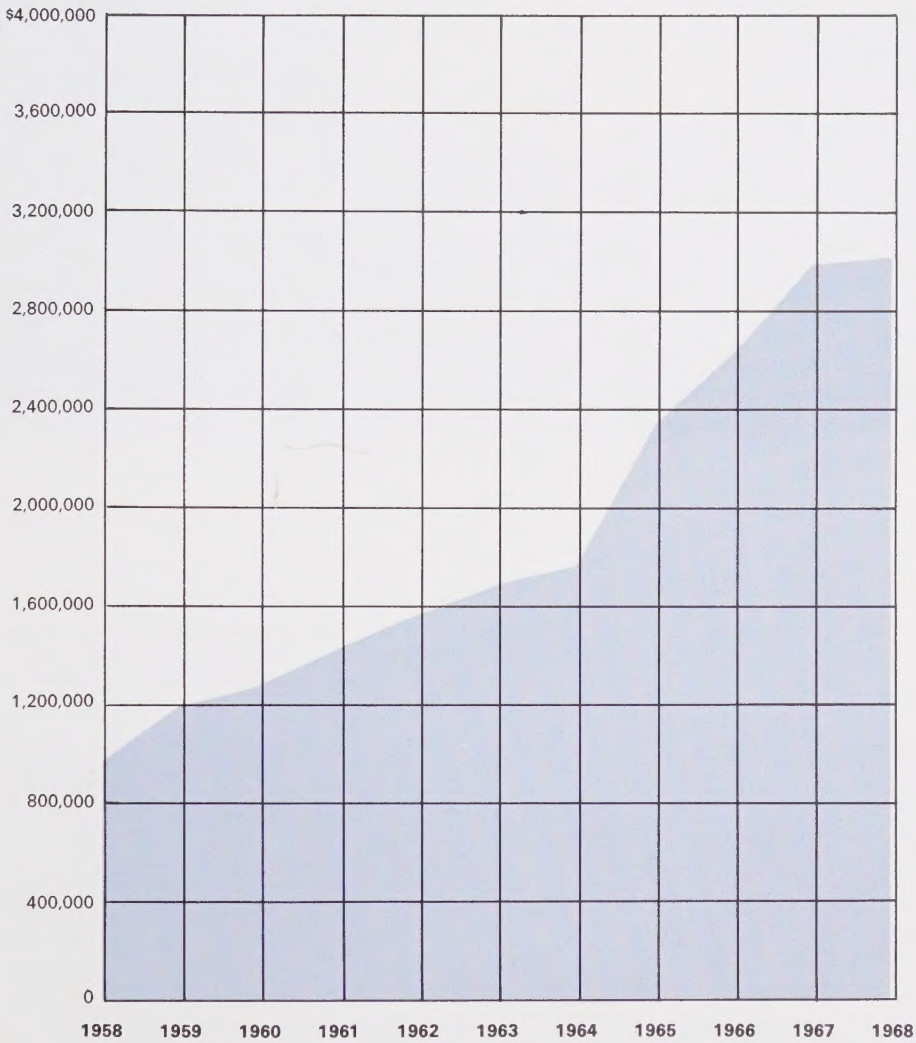
ASSETS



In the last 10 years the Company's assets have increased over \$41,000,000.

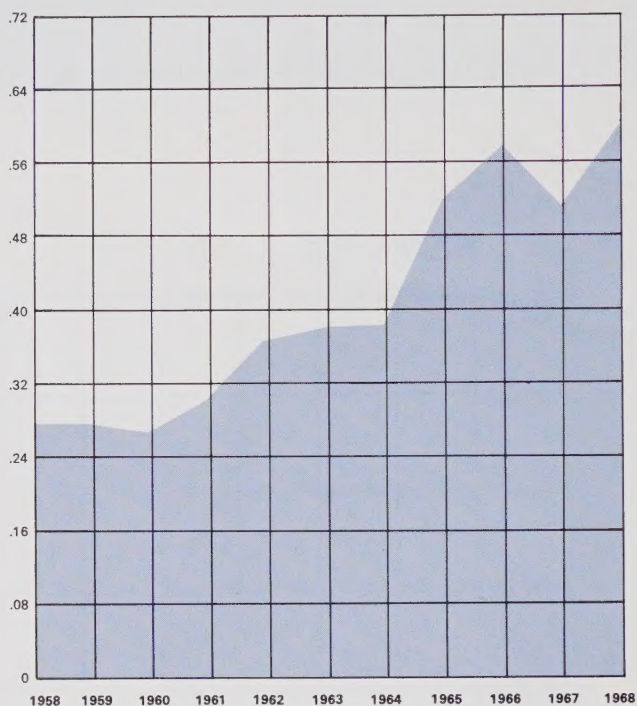
NOVA SCOTIA SAVINGS & LOAN COMPANY

RESERVES



In the last 10 years the Company's reserves have increased over \$1,900,000

EARNINGS PER SHARE*



* Taking into Account
deferred taxes for 1967 and 1968

This is one of four new apartment houses now under construction in Halifax. When the complex is completed it will make available a large number of modern dwelling units.



COMPANY'S AGENCIES



NOVA SCOTIA

Antigonish:	ARTHUR D. HOLMES	Middleton	CROWELL & DURLAND DUNCAN D. R. ROBINSON
Bridgetown:	ORLANDO & HICKS	New Glasgow:	FRASER & HOYT LIMITED
Bridgewater:	F. E. L. FOWKE, Q.C. JOHN E. MARCUS	Port Hawkesbury:	J. DANIEL MacLENNAN, LL.B.
Chester:	M. E. BARKHOUSE	Sydney:	McINTYE, GILLIS & FERGUSON J. J. KHATTAR
Dartmouth:	BARSS, HATFIELD & HARE	Truro:	PATTERSON, SMITH, MATTHEWS & GRANT STEPHENS-KEDDY LIMITED
Hantsport:	DONALD G. BURGHER	Windsor:	N. D. BLANCHARD, Q.C. McGRATH & NIEDERMAYER
Kentville:	RALPH L. MACDONALD DAVID J. C. WATERBURY, Q.C.	Wolfville:	HENRY W. HOW, Q.C.
Liverpool:	LESTER L. CLEMENTS, LL.B.		
Lunenburg:	JOHN E. MARCUS		

NEW BRUNSWICK

Fredericton:	COCHRANE, STEVENSON, SARGENT & NICHOLSON HAZEN E. ALLEN, C.L.U. DAVID A. LUNNEY & ASSOCIATES LIMITED	Minto:	EARL B. GLENN LTD.
		Moncton:	STEWART & STRATTON
		Saint John:	McKELVEY, MACAULAY, MACHUM & FAIRWEATHER

NEWFOUNDLAND

St. John's:	T. ALEX HICKMAN, Q.C.
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Centennial Building
1645 Granville Street,
Halifax, Nova Scotia
Phone 422-6591

BRANCHES:

50 Portland Street,
Dartmouth, Nova Scotia
Phone 463-4666

18 King Street,
Saint John, New Brunswick
Phone 692-3337

113 Archimedes Street,
New Glasgow, Nova Scotia
Phone 755-2010